

TREASURE ISLAND MUNICIPAL UTILITY DISTRICT

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Minutes for the Board of Directors Quarterly Meeting

Saturday, August 22nd, 2020 at 10 am (Pending Approval)

All Board Members were Present: President & Treasurer Jean Riojas-Foyt, Vice-President Steve Jones, Secretary Kym Dobbs, and Director Joe Capuano.

1. Jean called the meeting to order at 10:02 am.

2. Kristin Effenberger, a senior accountant from the audit firm of Kennemer, Masters, & Lunsford, LLC., presented our Fiscal Year 2019-20 Audit Report. Kaysie Stewart, a partner from the firm, was also present. Audit was very clean and given highest rating their firm gives, an unmodified opinion. There were no questions from the Board or Community. Community was informed that upon request, a hard copy or a copy sent via email are available. A motion to accept the Audit Report as presented was made by Steve and seconded by Joe. Motioned approved with all ayes.

3. The Meeting Minutes from June 25th, 2020 were reviewed. A motion was made by Joe and seconded by Steve to approve the Meeting Minutes from June 25th, 2020 as presented. Motion approved with all ayes.

4. The 2020-21 Fiscal Year Engagement Letter from our accountants at WhitleyPenn was reviewed. A motion was made by Kym and seconded by Joe to approve the 2020-21 Fiscal Year Engagement Letter from our accountants at WhitleyPenn as presented. Motion approved with all ayes.

5. The Quarterly Investment Report was presented to the Board by the Investment Officer. A motion to approve the Quarterly Investment Report as presented was made by Steve and seconded by Joe. Motioned approved with all ayes. An amended Quarterly Investment Report from June 25th, 2020, was also presented to the Board by the Investment Officer. The interest rate presented for the CDs was incorrect. A motion to approve the amended Quarterly Investment Report from June 25th, 2020 as presented was made by Steve and seconded by Joe. Motion approved with all ayes. The Investment Officer also spoke to the need to open another account outside of IBC as we, based on our budgeting and increasing savings, are regularly now exceeding the FDIC \$250,000 in one of the 4 charters we use at IBC. This was also noted by our auditors in the Fiscal Year 2019-20 Audit presented earlier. Based on our current relationship with First State Bank (FSB), where we have 2 accounts, one of which is a checking account, used for our FEMA reimbursements after a disaster, the Investment Officer recommended that a Money Market Account (MMA) be opened at the First State Bank location at 200 N. Brazosport Blvd in Clute. The interest rate for the MMA is

the same as offered on their shortest-term 6-month CD. The MMA will keep our funds protected and be 100% liquid as the money can be transferred to the FSB checking account if needed. Joe made a motion, with Steve seconding, to allow the Investment Officer, Don Riehl, to open a MMA at FSB. The motion was approved with all ayes. Joe made a motion, with Kym seconding, to have the President & Treasurer, Jean Riojas-Foyt, the new Treasurer if the Board reassigned that position, and Don Riehl, Office Manager and Investment Officer, as signatories on all 3 accounts at First State Bank. The motion passed with all ayes.

6. The Board discussed a salary increase for Jim Coursey, TIMUD's Operations Manager. It was noted that his last salary increase was in 2013. A motion to increase Jim's salary by \$900 a month, from \$1,600 to \$2,500, beginning in September 2020, was made by Steve and seconded by Joe. The motion passed with all ayes.

7. The 2019-20 FY Budget was reviewed. It was noted that we are strongly encouraged every year by our Auditors to amend our Budget to not have any large percentage discrepancies between our Budgeted amounts and our actual amounts for each Fiscal Year. Kym made a motion, with Joe seconding, to use the audited FY 2019-20 numbers as the budgeted and actuals. Motioned approved with all ayes.

8. The current Fiscal Year 2020-21 Budget was reviewed. Joe made a motion, with Kym seconding, to amend the FY 2020-21 Budget as presented. Motioned approved with all ayes.

9. Based on our FY 2020-21 Budget needs, a 2020 Tax Rate of \$0.423660 per \$100 of value was proposed. It is a 3% increase over last year's rate. It was noted that we had lowered last year's rate 14% from the previous year. The Board Members in favor of this proposed rate were Jean, Steve, and Joe. The Board Member not in favor of the proposed rate was Kym. A motion was made by Kym, with Joe seconding, to hold the Public Hearing to Discuss the New Tax Rate on Thursday, September 10th, 2020, at 6:45 pm and to hold The Public Hearing to Adopt a New Tax rate for 2020 on Thursday, September 10th, 2020, at 6:50 pm. The motion passed with all ayes.

10. The attorney hired by TIMUD to provide information regarding Treasure Island becoming a gated Community, was unable to providers report prior to our August 22 board meeting. He did inform Jean that he would likely have information by week of August 24th. The Board committed to sending out an email to the Community with any of that information they are allowed to disseminate.

11. The permitting of the Jolly Roger Revetment for Erosion Control and Beach Access Project, has been moving along nicely. Our consultant, Buddy Ortego, is confident that the permitting process is on a very positive trajectory. One of the requirements of the permit is that TIMUD must annually replenish a certain amount of sand onto the beach and dune area near the project. This sand is required to be clean beach quality sand. Sand from our retention pond, which is beach sand quality, will be used for this purpose. To ensure that TIMUD has a readily available supply of approved quality sand for the purpose of future

replenishing, there have been extensive ongoing discussions between MUD and Brazoria County, regarding utilizing our retention pond. This is a "win-win" agreement. The lagoon next to TI, which is used by the County, has a public boat launch area that needs to be dredged. An Interlocal Agreement between TIMUD and Brazoria County, allowing the County to use our retention pond for dredge spoils, has been approved. A motion was made by Kym and seconded by Joe to approve the Interlocal Agreement as presented. Motion passed with all ayes.

12. The Board discussed the limited options available to TIMUD regarding the beach erosion in the area from the bridge south to near Ocean Blvd. Once the Permit for the Jolly Roger Project is completed, the Board will approach our Jolly Roger Revetment project consultant, Mr. Ortego to develop a project plan.

13. Jean announced the resignation of Debi Screnci as she has moved out of Treasure Island. She is missed and she cannot be thanked enough, especially by those who have known her and worked with her these last 11 plus years. The Board asked for a volunteer to fill the vacated position. It is position 4 and the term is to May of 2024. Two members of the Community, Clark Blair in person and Lance Clawson by phone, stepped forward and spoke to their interest in and qualifications to fill the vacancy. Each Board Member voted for or abstained from voting for the candidates. Jean voted for Lance, Kym and Joe voted for Clark, and Steve abstained from voting. Steve made a motion, with Joe seconding, to seat Clark on the Board. Don Riehl, Notary Public and TIMUD Director of Elections said he would swear in Clark after the meeting. Reassigning Officer positions was discussed. Kym made a motion, with Joe seconding, to appoint Clark as Treasurer, and to leave the other officer and Supervisor positions as is. Motion approved with all ayes.

14. Kym made a motion, with Joe seconding, to adjourn the meeting. The motion passed with all ayes. Jean adjourned the meeting at 11:25 am

Jean Riojas-Foyt, President, Treasure Island MUD Board of Directors

IT MUST BE NOTED THAT I, DON RIEHL AS TIMUD DIRECTOR OF ELECTIONS, MADE A PROCEDURAL ERROR. I SWORE CLARK BLAIR IN AFTER THE MEETING. HE WAS AND IS LEGALLY SEATED ON THE BOARD. HOWEVER, HE COULD NOT BE APPOINTED TREASURER OR ASSUME ANY RELATED TREASURER DUTIES WITHOUT BEING SWORN IN FIRST.

JEAN RIOJAS-FOYT WILL REMAIN AS TREASURER AND THIS MATTER WILL BE ADDRESSED AT OUR REGULAR QUARTERLY MEETING IN NOVEMBER.